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U.S. ARMY COLONEL AND LT. COLONEL CONVICTED OF CONSPIRACY FOR ROLE IN FRAUD SCHEME IN AL-HILLAH, IRAQ

WASHINGTON – A federal jury in Trenton, N.J., today convicted U.S. Army Col. Curtis G. Whiteford and U.S. Army Lt. Col. Michael B. Wheeler of conspiracy to commit bribery and interstate transportation of stolen property, Acting Assistant Attorney General Matthew Friedrich of the Criminal Division announced. The convictions stemmed from Whiteford and Wheeler's roles in a scheme involving the theft of millions of dollars from the Coalition Provisional Authority (CPA) in Iraq.

Whiteford and Wheeler were charged in a 25-count indictment unsealed on Feb. 7, 2007, along with U.S. Army Lt. Col. Debra M. Harrison and civilians William Driver and Michael Morris with various crimes related to a scheme to defraud the CPA - South Central Region (CPA-SC). Whiteford was the second-most senior official and highest ranking military officer at CPA-SC in al-Hillah, Iraq, and Wheeler was an adviser and project officer for CPA reconstruction projects. Whiteford and Wheeler were acquitted of the other charges against them, including bribery and wire fraud. Driver will be tried separately on a yet-to-be-determined date in the District of New Jersey.

According to testimony at trial before U.S. District Court Judge Mary L. Cooper, Whiteford and Wheeler conspired from December 2003 to December 2005 with at least three others—Robert Stein, at the time the comptroller and funding officer for the CPA-SC; Philip H. Bloom, a U.S. citizen who owned and operated several companies in Iraq and Romania; and U.S. Army Lt. Col. Bruce D. Hopfengardner—to rig the bids on contracts being awarded by the CPA-SC so that more than 20 contracts were awarded to Bloom. In total, Bloom received more than \$8.6 million in rigged contracts. Testimony revealed that Bloom, in return, provided Whiteford, Harrison, Wheeler, Stein, Hopfengardner and others with more than \$1 million in cash, SUVs, sports cars, a motorcycle, jewelry, computers, business class airline tickets, liquor, promise of future employment with Bloom and other items of value.

Bloom admitted he laundered more than \$2 million in currency that Whiteford, Harrison, Wheeler, Hopfengardner, Stein and others stole from the CPA-SC that had been designated for the reconstruction of Iraq. Bloom then used his foreign bank accounts in Iraq, Romania and Switzerland to send some of the stolen money to Harrison, Stein, Hopfengardner and other Army officials in return for them awarding contracts to Bloom and his companies. Some of the stolen

money was used to purchase things of value, such as weapons including a machine gun that was seized from Wheeler's home.

Morris was acquitted today of the charges against him for his alleged role in the scheme.

Harrison, at one time the acting comptroller at CPA-SC who oversaw the expenditure of CPA-SC funds for reconstruction projects, pleaded guilty on July 28, 2008, to honest services wire fraud in connection with her role in the scheme. Harrison admitted that she took more than \$300,000 from the CPA-SC while deployed there and that she used some of the stolen money to make improvements at her home. Harrison also admitted that in August 2004 she received a Cadillac Escalade from Bloom that was financed through a series of wire transfer payments and that in July 2004 she helped to move unregistered firearms from a hotel in North Carolina to Stein's home. At sentencing, scheduled for Nov. 19, 2008, Harrison faces a maximum penalty of 20 years in prison, a three year term of supervised release and a fine of \$250,000.

Stein was sentenced on Jan. 29, 2007, to nine years in prison. He previously pleaded guilty to conspiracy, bribery, money laundering, possession of machine guns and being a felon in possession of a firearm for his role in the scheme to defraud the CPA-SC.

On March 10, 2006, Bloom pleaded guilty to related charges of conspiracy, bribery and money laundering in connection with the scheme. Bloom was sentenced on Feb. 16, 2007, to 46 months in prison and ordered to forfeit \$3.6 million.

On Aug. 25, 2006, Hopfengardner pleaded guilty in U.S. District Court for the District of Columbia to charges of conspiracy to commit wire fraud and money laundering in connection with the scheme. Hopfengardner was sentenced on July 2, 2007, to 21 months in prison, followed by three years of supervised release, and ordered to forfeit all property constituting or derived from proceeds he obtained directly or indirectly from his role in the scheme.

These cases are being prosecuted by Trial Attorneys Ann C. Brickley and John P. Pearson of the Criminal Division's Public Integrity Section, headed by Section Chief William M. Welch II. The cases are being investigated by the Internal Revenue Service-Criminal Investigation, SIGIR, U.S. Army Criminal Investigation Division, U.S. Immigration and Customs Enforcement at the Department of Homeland Security and the FBI-Washington Field Office.

The Department announced the creation of the National Procurement Fraud Initiative in October 2006, to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs. As part of this initiative, the Deputy Attorney General created the National Procurement Fraud Task Force, which includes federal prosecutors, the FBI, Special Inspector General for Iraq Reconstruction (SIGIR), and the Offices of Inspectors General for key federal agencies, and is chaired by Acting Assistant Attorney General Friedrich.

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